

(c) *Tenant Receivables Outstanding.* This component is calculated by dividing the gross tenant receivables by the amount of tenant rents collected during the assessed fiscal year. This component measures a PHA's ability to collect rent. This component is calculated on an entity-wide basis.

(d) *Occupancy Loss.* This component is calculated by dividing the unit months leased by the unit months available, and then subtracting that number from one. This component measures the ability of a PHA to maximize rental income. This component is calculated on all programs, excluding any units associated with the Section 8 Housing Choice Vouchers, Section 8 Rental Vouchers and Section 8 Certificates programs.

(e) *Expense Management/Utility Consumption.* This component is calculated by dividing key expenses, including the expense for utility consumption, by months leased. This component measures the ability of a PHA to maintain utility expenses at a reasonable level relative to its peers. This component is calculated only on the low rent program.

(f) *Net Income or loss divided by the Expendable Fund Balance.* This component is calculated by dividing net income or loss by the expendable fund balance. This component measures how the results of the PHA's operations for the assessed fiscal year affect the PHA's viability. This component is calculated on an entity-wide basis.

§ 902.37 Threshold.

When a PHA receives a grade of F under this indicator, the PHA shall be designated a Grade F PHA. When a PHA receives a grade of D under this indicator, the PHA shall be designated a Grade D PHA.

Subpart D—PHAS Indicator #3: Management Operations

§ 902.40 Management operations assessment and performance standards.

(a) *Management certification filing date.* Under this indicator, a PHA shall electronically submit to HUD its annual management operations information no later than two months after the end of the assessed fiscal year.

(b) *Board resolution and attestation.* The management operations certification shall be approved by a resolution of the PHA Board and signed and attested to by the Executive Director. In accordance with § 902.63, appropriate sanctions for false certification shall be imposed, including civil penalties, limited denial of

participation, suspension, or debarment of the signatories.

(c) *Sub-indicators of Management Operations Indicator.* The PHA's management operations shall be assessed on the basis of eight sub-indicators described in the sections below. Five sub-indicators have two or more components. Two sub-indicators have specific exemptions. The eight sub-indicators are:

(1) Vacant unit turnaround time. This sub-indicator has a single component and has specific exemptions.

(2) Capital Fund. This sub-indicator has two components.

(3) Work orders. This sub-indicator has two components.

(4) Annual inspection of dwelling units and systems. This sub-indicator has two components and has specific exemptions.

(5) Security. This sub-indicator has three components.

(6) Self-sufficiency. This sub-indicator has four components.

(7) Income verification. This sub-indicator has a single component.

(8) Rent calculation. This sub-indicator has a single component.

(d) *Assessed period.* The Management Operations certification shall include only information for the assessed fiscal year. No information is required for and no certification is required during the years a PHA is not assessed under this part in accordance with § 902.13(a).

(e) *Audit and HUD review.* A PHA's management operations submission is subject to the annual IPA or CPA audit required by the Single Audit Act and OMB Circular A-133. A PHA's management operations submission also is subject to HUD on-site review at any time in accordance with § 902.63. A PHA that is unable to provide supporting documentation for the information under any of the sub-indicators or components to which it certified will receive a zero and a grade of F for the sub-indicator or component, and its management operations grade and final overall PHAS grade will be lowered.

§ 902.41 Management operations sub-indicator #1—vacant unit turnaround time.

This sub-indicator measures a PHA's efforts during the assessed fiscal year to reduce unit turnaround time, and assesses the adequacy of a PHA's system to track unit downtime, make ready time, and lease up time.

(a) *Units Exempted.* The following two categories of units that are not considered available for occupancy are exempted from the computation of vacant unit turnaround time.

(1) Units approved for non-dwelling use. Units approved for non-dwelling

use that are exempt during the assessed fiscal year are HUD-approved units used to promote self-sufficiency and anti-drug activities or for non-dwelling purposes, such as police substations, day care centers, public safety activities, or resident job training.

(2) Vacant units approved for deprogramming. Vacant units approved for deprogramming that are exempt during the assessed fiscal year are HUD-approved units for demolition and/or disposition, or units that have been combined.

(b) *Vacancy days exempted.* The vacancy days for units in the following two categories shall be exempted from the calculation of vacant unit turnaround time in the assessed fiscal year. The two categories are:

(1) Vacancy days associated with vacant units receiving section 9(d) Capital Funds during the assessed fiscal year. Vacancy days associated with a vacant unit prior to the time the unit meets the conditions of being a unit receiving section 9(d) Capital Funds, and vacancy days associated with a vacant unit after construction work has been completed or after the time period for placing the vacant unit under construction has expired, shall not be exempted.

(2) Vacancy days associated with units vacant during the assessed fiscal year due to circumstances and actions beyond a PHA's control. Circumstances and actions beyond a PHA's control may include:

(i) A legally enforceable court order or settlement agreement resulting from litigation during the assessed fiscal year;

(ii) Federal law or state law, not preempted by federal law, or the implementing regulations;

(iii) Natural disasters during the assessed fiscal year; or

(iv) Vacant units during the assessed fiscal year that have sustained casualty damage and are pending resolution of insurance claims or settlements, but only until the insurance claims are settled.

(c) *Supporting documents for section 9(d) Capital Fund units.* A PHA shall maintain information to support its determination of vacancy days associated with a vacant unit that meets the conditions of being a unit receiving section 9(d) Capital Funds under paragraph (b)(1) of this section. The PHA shall maintain:

(1) The date on which the unit met the conditions of being a vacant unit receiving section 9(d) Capital Funds; and

(2) The date on which construction work was completed or the time period